

19 November 2009

**Salamander Energy plc
("Salamander")**

Interim Management Statement

Salamander Energy plc, the Asia focussed independent upstream oil and gas exploration and production company, today issues an Interim Management Statement relating to the period from 1 July 2009 to 18 November 2009.

Highlights

- Group daily production averaged 15,700 boepd during Q3 2009
- Production commenced from Kambuna gas-condensate field
- Gas discovery in South Sebuku-1, East Kalimantan, Indonesia
- Commenced E&A drilling programme that will see 14 wells targeting over 450 MMboe of unrisked net resource between now and end of 2010

Operations

Production

During the third quarter of 2009, Group daily production averaged 15,700 boepd.

The Kambuna gas condensate field (Salamander 50%) was brought on stream on 11 August 2009. Production ramped up over the following weeks and by mid-September the field was producing at the full Daily Contracted Quantity (DCQ).

On 25 September production was shut in at the request of the off-taker due to a problem with the turbines at the Belawan Power Plant. The off-taker conducted a full investigation into the problem concluding that the cause was liquid hydrocarbons appearing at the turbine burners. Production from the Kambuna field was restarted on 7 November 2009 at an initial rate of 10 MMscfd. It has been accepted by all parties that Kambuna gas was delivered as per specification and there is a take or pay clause within the gas sales agreement which can be invoked if volumes are not made up within the first year.

The focus of the Kambuna project is now on completion of the permanent onshore receiving facilities at Pangkalan Brandan. This work is expected to be completed towards the end of the first quarter of 2010. Once these facilities are in place, the Group expects to advance discussions on marketing additional volumes of gas above the current contracted amount of 40 MMscfd.

Gross production from the Bualuang oil field, Gulf of Thailand, (Salamander 60%), averaged 10,063 bopd during the third quarter. A further series of horizontal development wells will be drilled in 2010 to maintain production levels.

The operatorship of the Offshore Northwest Java PSC (Salamander 5%) was transferred from BP to Pertamina on completion of the sale of BP's 46 per cent interest in the licence. A programme of infill development drilling commenced in October 2009 and production has increased since the change of operator. During Q3 gross production from Offshore Northwest Java averaged 66,000 boepd.

An exploration and infill development drilling programme was completed during Q3 2009 in the Southeast Sumatra PSC (Salamander 5%). Gross production averaged 68,000 boepd during the third quarter.

The Group's other main producing asset, the Sinphuhorm field in Northeast Thailand, (Salamander 9.5%) averaged 98 MMscfd gross during Q3 2009.

Exploration

In production licence B8/38, the Group has completed preparations for a 3D seismic programme that is expected to commence in December 2009. This survey will improve the definition of exploration prospects surrounding the Bualuang field ahead of a two well exploration programme in the block planned to be completed during 2010.

On 13 August 2009 the Group announced that the South Sebuku-1 exploration well in the Bengara-1 PSC encountered gas in four zones. Two of these were tested and flowed at a cumulative rate of 10.9 MMscfd. The discovery will be appraised during 2010 with a view to tying it in to the South Sembakung field that is located only 15km away and is expected to be developed during 2010 and 2011.

In Block L15/50, Northeast Thailand, the Group completed the acquisition of both 2D seismic well tie-lines and a high resolution 3D seismic survey across the Dao Ruang feature. The data is currently being processed with a view to imaging the fracture network in the target Pha Nok Khao Permian carbonates. Early indications from the 2D seismic survey has shown a major new lead located east of the Dao Ruang discovery. The results of the 3D survey will be used to high grade potential drilling locations.

In September 2009 the Group announced that the Phu Kheng-1 well, Block L27/43, Northeast Thailand, had been suspended ahead of a fracturing and testing programme. This is now expected to be completed in December 2009 as the rig will be used to complete operations on the Si That-3 well before mobilising to the Phu-Kheng-1 site.

The Si That-3 appraisal well spudded in September 2009. Operations have progressed to plan and results are expected to be announced during November 2009.

Balance Sheet

The Group completed a redetermination of its Reserves Based Lending Facility in September 2009. Following this the Group drew down an additional \$4.9 million, bringing total borrowings under the facility to \$ 180.2 million. Cash and near cash as of 30 September 2009 were \$68.9 million and net debt was \$111.3 million.

Outlook

Following the recent shut in at the Kambuna field, Salamander is now forecasting that average daily production for 2009 will be circa 14,000 boepd with an exit rate of circa 17,000 boepd.

The 2010 exploration and appraisal drilling programme is now being finalised and will be the busiest in the Group's history with 12 wells targeting over 360 MMboe of net unrisked resource. The first well in the programme will be an exploration well on the Bang Nouan gas prospect in the Savannakhet PSC in Lao PDR. This is expected to spud in January and a rig has been secured. This will be followed by a well on the Angklung prospect in the Bontang PSC, Indonesia and by two wells in Vietnam, expected to spud in Q2 2010. The Group is currently midway through the tender process for rigs for these wells.

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Salamander Energy Background

Salamander is an independent, FTSE 250, upstream oil and gas exploration and production company focused on Asia. Since its formation, Salamander has built a balanced portfolio of production, development and exploration assets with interests located in Indonesia, Thailand, Vietnam, Lao PDR and the Philippines. In 2008 the Company averaged 9,600 boepd of production.